

**24TH DISTRICT COURT
FINANCIAL REPORT
JULY 1, 2003 TO JUNE 30, 2004
(Allen Park)**

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name 24th District Court	County Wayne
Audit Date 6-30-04	Opinion Date 8-19-04	Date Accountant Report Submitted to State: 11-16-04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan, as required by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

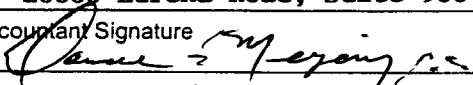
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Darnell & Meyering, P.C.			
Street Address 20600 Eureka Road, Suite 900	City Taylor	State MI	ZIP 48180
Accountant Signature 			

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Judges
of the 24th District Court
Allen Park, Michigan 48101

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the 24th District Court as of and for the year ended June 30, 2004 which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 24th District Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

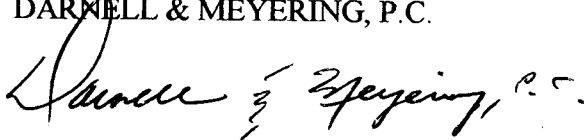
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 24th District Court, as of June 30, 2004 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information, such as management's discussion and analysis and budgetary comparison information, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 24th District Court's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The relevant supplementary information, such as the combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole. The relevant supplementary information such as the introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

DARNELL & MEYERING, P.C.

A handwritten signature in cursive script, appearing to read "Darrell & Meyering, P.C.", is written over the printed firm name.

August 19, 2004

24th District Court - Allen Park and Melvindale, Michigan
Management's Discussion and Analysis (MD&A)
Year ended June 30, 2004

The management of the 24th District Court presents this narrative overview and analysis of the financial activities of the Court for the fiscal year ended June 30, 2004. The court encourages readers to consider the information presented here in conjunction with the additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning budget for the expenditures for the Court for June 30, 2004 was \$3,004,164, which represented a 6% decrease over the previous year.
- Management and staff made a cooperative effort to reduce various expenditures to balance the considerable increases in legal fees, medical benefits, pension costs and a three and one-half percent salary increase pursuant to the union contracts.
- The duties and responsibilities of available employment positions created by either the resignations of previous employees, or the elimination of certain positions, continue to be performed by the existing personnel, including the operation of the 24th District Court Services.
- Various factors contributed to a slight decrease in the overall income, including the unanticipated increase in the cost of medical benefits, pension and legal fees. Also the slight increase in program revenues of the Court can be attributed in part to the reinstatement of the Wayne County Sheriff's Enforcement Unit and aggressive collection and compliance efforts made by the probation department and other staff.
- The 24th District Court Work Program is a self-supported alternative sentence to an otherwise costly jail term for certain individuals convicted of various misdemeanors. The Work Program performs various tasks ranging from removing trash and debris from parks and alleys, to planting flowers and shoveling snow. The program, which we expanded from one to two days per week, again continued to be an asset by providing services to both the City of Allen Park and the City of Melvindale at no cost to either community. The Court has and will remain dedicated to providing a cost effective rehabilitative alternative that promotes accountability.
- Obtaining appropriate funding to provide adequate security continues to be a major area of concern for the Court. We are working toward acquiring federal funds through the Court Security/Mutual Aid Advisory Board created under the Emergency Management Act (MCL 30.410) to purchase the additional equipment necessary to eliminate the security vulnerabilities identified by the advisory council. The funds may not be used toward personnel which is problematic as resources are not available in the budget to secure the additional staff necessary to operate the equipment. We have, however, entered into an agreement with A.F.S.C.M.E. that would allow the Court to contract with an independent

security agency solely to monitor the security equipment at the entrance of the building. The independent agency would be responsible for training, certification, benefits and liability insurance, thus minimizing the costs to the Court, plus eliminating the burden of coverage for any leave time. We continue to strive to provide proper and adequate security for the public and all Court personnel.

- With the necessary funding provided by the Cities of Allen Park and Melvindale, the Court was able to continue aiding the communities by entering warrants into LEIN and providing both police departments with the use of the Court's warrant team officers for pick up and transportation of prisoners. Not only does performing these functions affect the communities financially, but also the hours of labor previously committed to those tasks may be devoted to providing other services, such as additional patrol.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Court's basic financial statements. The Court's basic financial statements comprise three components: 1) court-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Court-wide financial statements. The Court-wide financial statements are designed to provide readers with a broad overview of the Court's finances, in a manner similar to a private-sector business.

The statement of Net Assets presents information on all of the Court's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Court is improving or deteriorating.

The Statement of Activities presents information showing how the Court's net assets changed during the most recent fiscal year. [All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.]

The Court-wide financial statements outline functions of the Court that are principally supported by revenues received from each community pursuant to the agreement between the district control units of Allen Park and Melvindale. The governmental activities of the Court include the fair and timely adjudication of all civil, criminal and traffic cases filed within the boundaries of its jurisdiction. The Court-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Court can be divided into two categories: governmental and fiduciary funds. Fiduciary funds include the Revenue Fund, Bond Fund, Court Services Revenue Fund, Payroll Fund and Collection Fund.

The basic governmental and fiduciary fund financial statements can be found on pages 12 through 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Court-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 26 of this report.

COURT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Court, assets exceeded liabilities by \$827,923 as of June 30, 2004.

The largest portion of the Court's net assets reflects its investment in capital assets (e.g., equipment and leasehold improvements), less any related debt used to acquire those assets that is still outstanding. The Court uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the Court's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Court's financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. In addition, the large increase in the Court services expense was due to an additional transfer to the District Control Units of Allen Park and Melvindale of \$316,163 derived from cumulative excess revenues of the Court. The only significant revenue increase was probation revenue which increased \$70,970. This increase was due largely to a more aggressive collection stance by the Court.

Net Assets for the period ending June 30, 2004 and June 30, 2003

	<u>Net Assets</u> <u>June 30, 2004</u>	<u>Net Assets</u> <u>June 30, 2003</u>
Current Assets	\$ 532,501	\$ 746,708
Capital Assets	<u>479,911</u>	<u>585,539</u>
Total Assets	1,012,412	1,332,247
Current Liabilities	81,516	92,650
Noncurrent Liabilities	<u>102,973</u>	<u>80,728</u>
Total Liabilities	184,489	173,378
Net Assets:		
Investment in capital assets (net of debt)	471,278	585,539
Restricted	-	97,174
Unreserved Fund Balance	<u>356,645</u>	<u>476,156</u>
Total Net Assets	<u>\$ 827,923</u>	<u>\$ 1,158,869</u>

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2004 and June 30, 2003.

Changes in the 24th District Court Net Assets:

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Revenues:		
Program Revenues – Special Revenue Funds	\$ 76,314	\$ 79,985
General Revenues:		
Intergovernmental	2,608,555	2,707,989
Probation	206,582	135,612
Investment Revenue	4,112	5,909
Miscellaneous	<u>52,421</u>	<u>52,027</u>
Total Revenues	<u>2,947,984</u>	<u>2,981,522</u>
Expenses:		
Program Expenses-Special Revenue Funds	23,786	12,786
Court Services	3,141,409	2,790,447
Interest on Long-Term Debt	473	1,045
Depreciation	<u>113,262</u>	<u>121,768</u>
Total Expenses	<u>3,278,930</u>	<u>2,926,046</u>
Change in Net Assets	(330,946)	55,476
Beginning Net Assets	<u>1,158,869</u>	<u>1,103,393</u>
Ending Net Assets	<u>\$ 827,923</u>	<u>\$ 1,158,869</u>
Transfers to General Fund from Special Revenue Funds	<u>\$ 30,000</u>	<u>\$ 38,000</u>

The Court implemented GASB 34 and recorded fixed assets and debt for the first time.

Comments on Budget Comparison

- The Court's actual revenue received by the General Fund for the year ended June 30, 2004 was \$77,854 more than we had budgeted.
- The Court's total expenditures of the General Fund before other financing sources and uses for the year ended June 30, 2004 was \$2,827,200.
- General Fund budget expenditures compared to actual varied from line item to line item with the ending actual balance before other financing sources and uses being \$176,964 less than budget.

General Fund Revenue

The majority of revenue was derived from the budget allocations from the funding units supported by the collection of fines, costs and fees. Some miscellaneous revenue is received from interest income, copy fees and marriage fees.

Budget Allocation

49.2% of the Court's overall budget is devoted to the salary and wages, and 24.9% covers the employee benefits. Acquisition and maintenance of the Court's fixed assets including building maintenance, computer services, utilities, building rental, insurance and capital outlay, accounts for 15.3% of the budget. Trial services including court appointed attorneys, interpreters, visiting judges, contract labor, and jury and witness fees total 2.7% of the budget. Consumables, including office supplies, postage, printing and publishing and other administrative expense, make up 2.2% of the budget. The balance of 5.7% is committed to miscellaneous items such as uniform cleaning, training, dues and subscriptions and the like.

Budgetary Implications

The budget is impacted by a number of factors that are outside the Court's control. The number and type of cases that are filed governs the workload and the revenues, but the Court has no power or authority, nor should it, to manipulate these figures to its advantage. The Union Contract mandates a 3.5% increase in wages and the cost of medical benefits grew approximately 15-20%.

While caseload and revenue have slightly decreased in some areas and increased in others, the complexity of the operation of the Court has increased mostly because of various directives and continuous changes in the mandatory reporting requirements at the state and federal level, including compliance with a variety of state standards, fee disbursements, and the implementation of a formal procedure for appointment of counsel who represent indigent parties. In addition, there is the growing burden on the Courts to either maintain or decrease expenditures and staff, while at the same time, increase revenues, collections, compliance and efficient public service. As a result, the budgeted cost of providing these services to the public, complying with the mandated amendments and general day-to-day operations of the Court continues to rise to meet these ever growing demands and responsibilities.

Capital Assets

At the end of June 30, 2004, the Court had invested \$10,866 including a copier and office equipment. This represents a net change of \$8,413 from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$113,262.

24th District Court Capital Assets:

	<u>Cost</u>	<u>Accumulated and Depreciated</u>	<u>June 30, 2004 Net Book Value</u>	<u>June 30, 2003 Net Book Value</u>
Computer equipment	\$ 252,162	\$ 198,674	\$ 53,488	\$ 86,730
Furniture & equipment	203,534	91,849	111,685	124,021
Leasehold Improvement	497,812	189,039	308,773	358,555
Vehicles	<u>51,334</u>	<u>45,368</u>	<u>5,966</u>	<u>16,233</u>
Total	<u>\$ 1,004,842</u>	<u>\$ 524,930</u>	<u>\$ 479,912</u>	<u>\$ 585,539</u>

Long Term Debt

The balance of \$114,523 represents compensated absences outstanding at June 30, 2004, which is an increase of \$6,886 from last year. (More detailed information about the Court's long-term liabilities is presented in Note 7 of the financial statements.)

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Compensated Absences	<u>\$ 114,523</u>	<u>\$ 107,637</u>
Capitalized Lease	<u>\$ 8,634</u>	<u>-0-</u>
Total	<u>\$ 123,157</u>	<u>\$ 107,637</u>

Questions regarding this report should be directed to John T. Courtright, Chief Judge (313) 928-0535 ext. 256 or by mail at 6515 Roosevelt Road, Allen Park, MI 48101.

**24th District Court
Statement of Net Assets
June 30, 2004**

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash	\$ 387,472
Receivables	
Other Governmental Units	141,059
Due From Agency Funds	864
Prepaid Expenditures	3,105
Total Current Assets	<u>532,500</u>
Noncurrent Assets	
Capital Assets	1,004,842
Less Accumulated Depreciation	(524,930)
Total Noncurrent Assets	<u>479,912</u>
Total Assets	<u><u>\$ 1,012,412</u></u>
Liabilities And Net Assets	
Current Liabilities	
Accounts Payable	\$ 10,889
Accrued Wages	48,888
Due to Agency Funds	1,555
Compensated Absences Due Within One Year	18,597
Capital Lease Payable Due Within One Year	1,587
Total Current Liabilities	<u>81,516</u>
Noncurrent Liabilities	
Compensated Absences Due Beyond One Year	95,926
Capital Lease Payable Due Beyond One Year	7,047
Total Noncurrent Liabilities	<u>102,973</u>
Total Liabilities	<u><u>\$ 184,489</u></u>
Net Assets:	
Invested in Capital Assets Net of Related Debt	\$ 471,278
Unrestricted	356,645
Total Net Assets	<u><u>\$ 827,923</u></u>

The notes to the financial statements are an integral part of this statement.

**24th District Court
Statement of Activities
Year Ended June 30, 2004**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Net (expense) Revenue and Changes in Net Assets</u>
Governmental activities:					
Court Services	\$ 3,278,457	\$ 76,314	-	-	\$ (3,202,143)
Interest on Long-Term Debt	473	-	-	-	(473)
Total Governmental Activities	<u>\$ 3,278,930</u>	<u>\$ 76,314</u>	<u>-</u>	<u>-</u>	<u>(3,202,616)</u>
General Revenues:					
Intergovernmental					2,608,555
Probation					206,582
Investment Revenue					4,112
Miscellaneous					<u>52,421</u>
Total General Revenues					<u>2,871,670</u>
Change in Net Assets					(330,946)
Net Assets, Beginning of Year					<u>1,158,869</u>
Net Assets, End of Year					<u>\$ 827,923</u>

The notes to the financial statements are an integral part of this statement.

**24th District Court
Balance Sheet
Governmental Funds
June 30, 2004**

	General Fund	Work Prog. Special Rev Fund	Warrant Team Special Rev Fund	Total Governmental Funds
Assets:				
Cash	\$ 321,241	\$ 46,687	\$ 19,544	\$ 387,472
Receivables:				
Other Governmental Units	141,060	-	-	141,060
Due From Other Funds	864	-	-	864
Prepaid Expenditures	3,105	-	-	3,105
Total Assets	<u>\$ 466,270</u>	<u>\$ 46,687</u>	<u>\$ 19,544</u>	<u>\$ 532,501</u>

Liabilities and Fund Balances

Liabilities:				
Accounts Payable	\$ 10,889	-	-	\$ 10,889
Accrued Wages	48,077	\$ 812	-	48,889
Due To Other Funds	1,555	-	-	1,555
Total Liabilities	<u>\$ 60,521</u>	<u>\$ 812</u>	<u>-</u>	<u>\$ 61,333</u>

Fund Balances:

Reserve, Prepaid Expenditures	\$ 3,105	-	-	\$ 3,105
Unreserved, Undesignated	402,644	\$ 45,875	\$ 19,544	468,063
Total Fund Balances	<u>\$ 405,749</u>	<u>\$ 45,875</u>	<u>\$ 19,544</u>	<u>\$ 471,168</u>

Total Liabilities and Fund Balances

<u>\$ 466,270</u>	<u>\$ 46,687</u>	<u>\$ 19,544</u>	<u>\$ 532,501</u>
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Total Governmental Fund Balances

\$ 471,168

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are financial resources and are not reported in the funds

The cost of capital assets is
Accumulated depreciation is

\$ 1,004,842	
(524,930)	
	479,912

Long term liabilities are not due and payable in the current period and are not reported in the funds

Compensated absences and severance benefits

Capitalized lease obligation

Net assets of governmental activities

(114,523)	
(8,634)	(123,157)
	<u>\$ 827,923</u>

The notes to the financial statements are an integral part of this statement.

24th District Court
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2004

	General Fund	Work Prog. Special Rev Fund	Warrant Team Special Rev Fund	Total Governmental Funds
Revenues:				
Intergovernmental	\$ 2,608,555	-	-	\$ 2,608,555
Probation	206,582	-	-	206,582
Interest Income	3,851	\$ 158	\$ 103	4,112
Program Fees	-	52,970	23,344	76,314
Miscellaneous	52,421	-	-	52,421
Total Revenues	2,871,409	53,128	23,447	2,947,984
Expenditures:				
Current:				
Wages and Benefits	2,125,303	20,814	-	2,146,117
Operating Expenses	689,826	1,732	1,240	692,798
Capital Outlay	10,866	-	-	10,866
Debt Payments:				
Principal	732	-	-	732
Interest	473	-	-	473
Total Expenditures	2,827,200	22,546	1,240	2,850,986
Excess (Deficiency) of Revenues Over Expenditures	44,209	30,582	22,207	96,998
Other Financing Sources (Uses):				
Capitalized Lease Financing	9,366	-	-	9,366
Transfer from Warrant Team	30,000	-	-	30,000
Transfer to Gen Fund	-	-	(30,000)	(30,000)
Payment to DCU's	(316,163)	-	-	(316,163)
Total Other Financing Sources (Uses):	(276,797)	-	(30,000)	(306,797)
Net Change in Fund Balances	(232,588)	30,582	(7,793)	(209,799)
Fund Balances				
Beginning of Year	638,337	15,293	27,337	680,967
End of Year	\$ 405,749	\$ 45,875	\$ 19,544	\$ 471,168

The notes to the financial statements are an integral part of this statement.

24th District Court
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2004

Net change in fund balances total governmental funds	\$ (209,799)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation. Losses and gains on disposals of assets are not used in governmental funds.

Depreciation expense	(113,262)
Capital outlay	10,866
Loss on asset disposals	(3,231)

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

This is the amount by which debt proceeds of \$9,366 exceeded repayments of \$732.	(8,634)
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Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:

Accrued compensated absences beginning of the year	107,637
Accrued compensated absences end of the year	(114,523)

Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;"> (\$ 330,946) </div>
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The notes to the financial statements are an integral part of this statement.

24th District Court
Statement of Fiduciary Net Assets
June 30, 2004

	Revenue Fund	Bond Fund	Court Services Revenue Fund	Payroll Fund	Collection Fund	Total Agency Fund Activities
Assets:						
Cash	\$ 443,002	\$ 97,841	\$ 12,403	\$ 633	\$ 4,379	\$ 558,258
Due from Operating Fund	1,068	487	-	-	-	1,555
Due from Court Services Revenue	12,330	-	-	-	-	12,330
Accounts Receivable-Other	135	-	-	-	93	228
Total Assets	\$ 456,535	\$ 98,328	\$ 12,403	\$ 633	\$ 4,472	\$ 572,371
Liabilities & Fund Equity:						
Liabilities:						
Appearance Bonds	-	\$ 94,514	-	-	-	\$ 94,514
Refund Overpayment	-	425	-	-	-	425
Restitution Payable	-	184	-	-	-	184
Process Servers/Show Cause	-	-	-	-	\$ 4,314	4,314
Due to Other Funds	-	-	\$ 12,403	\$ 633	158	13,194
Due to:						
State Treasurer	\$ 126,478	-	-	-	-	126,478
Allen Park	200,803	1,730	-	-	-	202,533
Melvindale	100,401	1,475	-	-	-	101,876
Wayne County	28,853	-	-	-	-	28,853
Total Liabilities	\$ 456,535	\$ 98,328	\$ 12,403	\$ 633	\$ 4,472	\$ 572,371

The notes to the financial statements are an integral part of this statement.

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the 24th District Court conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the 24th District Court:

A. Reporting Entity

The 24th District Court was established in the State of Michigan. The State of Michigan is divided into judicial districts of the district Court each of which is an administrative unit subject to the superintending control of the Supreme Court. As required by generally accepted accounting principles (GASB Statement #14), the financial statements of the reporting entity includes those of the 24th District Court (the primary government) and no others. The 24th District Court has no component units. Therefore, this report does not include condensed financial statements as required when component units are apparent.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements of the 24th District Court report information on all of the nonfiduciary activities of the 24th District Court. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrate the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grant and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual government funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

of the related cash flows. Intergovernmental revenues are recognized as revenue in the year for which they are incurred.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The 24th District Court reports the following major governmental funds:

The *Operating Fund (General Fund)* is the Court's primary operating fund. It accounts for all financial resources of the court, except those required to be accounted for in another fund.

The *Work Program Fund* accounts for all revenues and expenditures related to convicts who are assigned to the work program.

The *Warrant Team Fund* accounts for all revenues and expenditures related to defendants who are brought in by the outstanding warrant team.

Additionally, the 24th District Court reports the following fund types:

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

Amounts reported in general revenue includes fees collected from the district court units, or intergovernmental units, and fees for miscellaneous services.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Court's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Court reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the courts intend to hold the investment until maturity.

State statutes authorize the Court to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Court is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds). Any residual balances between the governmental activities are reported in the government-wide financial statements as "internal balances."

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

3. Prepaid Expenses

Prepaid expenses record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Prepaid expenses are reported in government-wide and fund financial statements.

4. Capital Assets

Capital assets, include property, plant, and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Court as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Computers	5 years
Furniture and Equipment	5 to 10 years
Leasehold Improvements	10 years
Vehicles	5 years

5. Compensated Absences (Vacation and Sick Leave)

Court employees are entitled to a certain number of vacation days based on their length of employment. Vacation time must be used in the current year and does not carry over to subsequent years. Court employees are entitled to 13 days of sick time per year. When employees separate from service with the Court, accumulated sick time is paid at 100% for the first 75 days of accumulated sick time and at 50% for any accumulated sick time over 75 days. In the government-wide financial statements, compensated absences are reported as liabilities in the applicable governmental activities statement of net assets. No expenditure is reported for those amounts.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

7. Net Assets and Fund Balance

Government-wide Financial Statements

When the Court incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt – The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Unrestricted – The difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt.

Government Fund Financial Statements

In the fund financial statements, governmental funds report reservations of fund balance for the amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The General Fund reserve for restricted purposes is comprised of an amount that is solely attributable to a prepaid expense.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund and special revenue funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds, however a formal budget is not adopted.

The Court presents a budget to the two District Control Units, for their approval and ratification before the fiscal year begins on July 1.

As of October 1, 1996: (MCLA 600.8271) the governing body of each district funding unit shall annually appropriate, by line-item or lump-sum budget, funds for the operation of the district court. A court that operates under a line-item budget shall not exceed a line-item appropriation or transfer funds between line items without the prior approval of the governing body. A court that operates under a

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

lump-sum budget shall not exceed that budget without prior approval of the governing body. The Court uses a lump-sum budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase offers, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation-is utilized in the general fund. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

NOTE 3. DEPOSITS AND INVESTMENTS

The 24th District Court has \$945,730 on deposit with Comerica Bank. Of the amount on deposit, \$100,000 was covered by federal depository insurance. As of June 30, 2004, \$845,730 of the Court's bank balances were exposed to custodial credit risk because they were uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a bank failure, the Court's deposits might not be recovered. All deposits were in the State of Michigan and were uncollateralized.

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

NOTE 4. CAPITAL ASSETS

Capital asset activity for the Court for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Computer Equipment	\$ 254,943	-	\$2,781	\$ 252,162
Furniture & Equipment	207,756	\$ 10,866	15,088	203,534
Leasehold Improvement	279,278	-	-	279,278
Leasehold Improvement New Building	218,534	-	-	218,534
Vehicles	51,334	-	-	51,334
Subtotal	<u>1,011,845</u>	<u>10,866</u>	<u>17,869</u>	<u>1,004,842</u>
Less Accumulated Depreciation for				
Computer Equipment	168,213	33,096	2,635	198,674
Furniture & Equipment	83,735	20,118	12,004	91,849
Leasehold Improvement	111,285	27,928	-	139,213
Leasehold Improvement New Building	27,973	21,853	-	49,826
Vehicles	35,100	10,267	-	45,368
Subtotal	<u>426,307</u>	<u>113,262</u>	<u>14,639</u>	<u>524,930</u>
Capital Assets--Net of Depreciation	<u>\$ 585,539</u>	<u>(\$102,396)</u>	<u>\$ 3,231</u>	<u>\$ 479,912</u>

Depreciation for fiscal year ended June 30, 2004 amounted to \$113,262. The entire depreciation expense was allocated to the operations of the Court.

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

NOTE 5. SUMMARY OF INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amount of interfund receivables and payables at June 30, 2004 are as follows:

	Governmental Funds and Agency Funds				
	Payroll Fund	General Fund	Court Services Revenue	Collection Fund	Total Interfund Receivable
General	\$ 633	-	\$ 73	\$ 158	\$ 864
Bond Fund	-	\$ 487	-	-	487
Revenue	-	1,068	12,330	-	13,398
Total Interfund Payable	\$ 633	\$ 1,555	\$ 12,403	\$ 158	\$ 14,749

The amount of advances to/from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Warrant Team	\$30,000

The interfund transfer reported here was made to transfer the excess balance in the Warrant Team fund.

NOTE 6. LEASES

A. Operating Lease.

The 24th District Court subleases building and office facilities from the City of Allen Park who in turn has a lease with the Allen Park Building Authority for a term of 22 years extending from November 16, 1993. This is the term of the underlying bonds sold to construct the Court facility.

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

The lease agreement cannot exceed 50 years. Total cost of the sublease was \$190,000 for the year ended June 30, 2004. The future minimum lease payments for this sublease is as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2005	\$ 190,000
2006	190,000
2007	190,000
2008	190,000
2009	190,000
2010 – 2014	950,000
2015	<u>190,000</u>
Total	<u>\$ 2,090,000</u>

B. Capital Lease

The 24th District Court's outstanding lease agreement was from the acquisition of a copy machine at the cost of \$9,366. The lease qualifies as a capital lease, for which the lessor, being Kansas State Bank, has a security interest in the acquired equipment.

Government Activities		
<u>Capital Lease*</u>		
Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,587	\$ 825
2006	1,759	653
2007	1,952	460
2008	2,166	246
2009	<u>1,170</u>	<u>36</u>
	<u>\$ 8,634</u>	<u>\$ 2,220</u>
Interest Rate	10.43%	
Cost of Assets	\$ 9,366	
Accumulated Depreciation	\$ 546	

*For the Capital Lease, the total of principal and interest equals the required minimum payments for periods shown, and total principal equals the net present value of the lease.

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term obligations of the Court for the year ended June 30, 2004:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Capitalized Lease	-	\$ 9,366	\$ 732	\$ 8,634	\$1,587
Other Liabilities:					
Compensated Absences	<u>\$ 107,637</u>	<u>19,688</u>	<u>12,802</u>	<u>114,523</u>	<u>18,597</u>
Governmental activities					
Long-term Liabilities	<u>\$ 107,637</u>	<u>\$ 29,054</u>	<u>\$ 13,534</u>	<u>\$ 123,157</u>	<u>\$20,184</u>

NOTE 8. FUNDING OF DISTRICT CONTROL UNITS

The Court on an annual basis and prior to the beginning of the fiscal year presents a budget to the District Control Units. Upon their ratification they will pay to the Court on a monthly basis 1/12th of the cost of the annual budget as follows:

2/3 submitted by City of Allen Park
1/3 submitted by City of Melvindale

All revenues received by the Court through fines, fees and judgments are returned to them monthly as follows:

2/3 City of Allen Park
1/3 City of Melvindale

NOTE 9. EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN

Plan Description - The Court contributes to the City of Allen Park Employees Retirement System, a multi-employer defined benefit pension plan administered by their board of trustees. The plan provides retirement, disability and death benefits to plan members and their beneficiaries.

24TH DISTRICT COURT
Notes to Financial Statements
For the Year Ended June 30, 2004

Funding Policy - The contribution requirements of plan members and the Court are established and may be amended by the board of trustees. Plan members are required to contribute 6% of their annual covered salary. The Court is required to contribute at an actuarially determined rate; the current rate is 17.39% of covered payroll, up from 13.23% for the fiscal year ended June 30, 2004. The Court contributions for the years ended June 30, 2004, 2003 and 2002 were \$148,913, \$123,455, and \$139,166.

The Court is not responsible for the payment of retirement benefits which is the responsibility of the City of Allen Park.

NOTE 10. RISK MANAGEMENT

The Court is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Court continues to carry commercial insurance for other risks of loss, including employee health, accident and worker's compensation insurance.

In reference to unemployment insurance, the Court reimburses the Michigan Employment Security Agency (MESA) for the actual amount of unemployment benefits disbursed by the MESA on behalf of the Court.

REQUIRED SUPPLEMENTAL INFORMATION

24th District Court
Required Supplemental Information
Budgetary Comparison Schedule
Budget and Actual-General Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Fav. (Unfavorable)
Revenues				
Court - Participating City:				
Allen Park	\$ 1,692,714	\$ 1,692,714	\$ 1,692,714	-
Melvindale	846,357	846,357	846,357	-
Court Services - Participating City:				
Allen Park	46,323	46,323	46,323	-
Melvindale	23,161	23,161	23,161	-
Other Revenue:				
Miscellaneous	30,000	30,000	52,421	\$ 22,421
Interest Income	5,000	5,000	3,851	(1,149)
Probation	150,000	150,000	206,582	56,582
Total Revenues	2,793,555	2,793,555	2,871,409	77,854
Court Expenditures				
Salaries	1,490,285	1,460,285	1,412,738	47,547
Overtime	10,000	10,000	4,743	5,257
Social Security	116,200	107,000	103,946	3,054
Hospitalization	348,000	393,000	393,092	(92)
Insurances:				
Life	6,800	6,800	6,573	227
Optical	2,500	3,800	3,142	658
Dental	26,000	31,800	31,797	3
Longevity	8,200	8,200	7,405	795
Retirement	140,000	149,000	148,913	87
Workmen's Comp.	13,262	13,262	12,955	307
Unemployment compensation	28,824	28,824	-	28,824
Compensated Absences	10,000	14,000	13,967	33
Office Supplies	28,000	24,000	29,950	(5,950)
Postage	20,000	16,000	15,819	181
Uniform	1,000	1,000	595	405
Auditor	15,000	15,000	14,550	450
Computer Services	30,000	30,000	30,069	(69)
Civil Process Fees	25,000	25,000	22,535	2,465
Administrative	2,500	2,500	2,029	471
Professional Fees	30,000	42,000	41,174	826
Visiting Judges	-	-	2,636	(2,636)
Contract Labor	2,000	2,000	2,643	(643)
Jury Fees	10,000	10,000	8,312	1,688
Telephone	20,000	20,000	15,851	4,149
Service Charges	12,500	12,500	11,947	553
Travel/Training	6,000	6,000	2,657	3,343
Printing & Publishing	20,000	16,000	11,850	4,150
Insurance, General	37,000	37,000	35,803	1,197
Equipment Maintenance	38,000	32,000	29,498	2,502
Building Maintenance	45,000	45,000	35,858	9,142
Building Rental	270,609	270,609	280,609	(10,000)
Membership & Dues	16,000	16,000	14,827	1,173
Utilities	35,000	27,100	23,168	3,932

24th District Court
Required Supplemental Information
Budgetary Comparison Schedule
Budget and Actual-General Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Fav. (Unfavorable)
Miscellaneous	2,000	2,000	727	1,273
Capital Outlay:				
Leasehold Improvements	5,000	3,000	-	3,000
Office Equipment	15,000	10,000	9,366	634
Computer Equipment	15,000	10,000	1,500	8,500
Debt Principal	-	-	732	(732)
Debt Interest	-	-	473	(473)
Contingency	9,000	9,000	-	9,000
Court Services Expenditures				
Unemployment compensation	22,984	22,984	-	22,984
Office Supplies	6,000	6,000	4,319	1,681
Postage	300	300	93	207
Auditor	500	500	1,000	(500)
Computer Services	1,000	1,000	-	1,000
Contract Labor	30,000	30,000	21,030	8,970
Telephone	4,000	4,000	2,441	1,559
Printing & Publishing	700	700	358	342
Insurance, General	3,000	3,000	3,000	-
Equipment Maintenance	1,500	1,500	1,200	300
Building Maintenance	10,000	10,000	2,321	7,679
Utilities	11,000	11,000	6,989	4,011
Miscellaneous	500	500	-	500
Capital Outlay:				
Office Equipment	1,000	1,000	-	1,000
Computer Equipment	1,000	1,000	-	1,000
Contingency	1,000	1,000	-	1,000
Total Expenditures	3,004,164	3,004,164	2,827,200	176,964
Excess of Revenue Over (Under) Expenditures before Other Expenditures	(210,609)	(210,609)	44,209	254,818
Other Expenditures				
Payment to DCU's			316,163	(316,163)
Total Other Expenditures	-	-	316,163	(316,163)
Other Financing Sources (Uses)				
Capitalized Lease Financing	-	-	9,366	9,366
Transfer from Warrant Team	30,000	30,000	30,000	-
Total Other Financing Sources (Uses)	30,000	30,000	39,366	9,366
Excess of Revenue and Other Sources Over (Under) Expend., Other Expend. and Other Uses	(180,609)	(180,609)	(232,588)	(51,979)
Fund Balance, Beginning	638,337	638,337	638,337	-
Fund Balance, Ending	\$ 457,728	\$ 457,728	\$ 405,749	(\$ 51,979)

24th District Court
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances-
Budget and Actual-Work Program Fund
For the Fiscal Year Ended June 30, 2004

Work Program Fund			
	Original & Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Program Fees	\$ 24,450	\$ 52,970	\$ 28,520
Interest Income	50	158	108
Total Revenues	24,500	53,128	28,628
Expenditures			
Wages & Social Security	21,000	20,814	186
Operating Supplies	1,500	1,537	(37)
Equipment Maintenance	1,500	58	1,442
Miscellaneous	500	137	363
Total Expenditures	24,500	22,546	1,954
Excess of Revenues (Under) Expenditures	-	30,582	30,582
Fund Balance July 1, 2003	15,293	15,293	-
Fund Balance June 30, 2004	\$ 15,293	\$ 45,875	\$ 30,582

24th District Court
Required Supplemental Information
Budgetary Comparison Schedule
Budget and Actual-Warrant Team Special Revenue
For the Fiscal Year Ended June 30, 2004

Warrant Team Special Revenue			
	Original & Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Interest Income	\$ 100	\$ 103	\$ 3
Program Fees	17,400	23,344	5,944
Total Revenues	17,500	23,447	5,947
Expenditures			
Auditor	500	500	-
Operating Supplies	1,700	-	1,700
Travel/Training	1,000	404	596
Uniforms	300	209	91
Equipment Maintenance	3,000	-	3,000
Miscellaneous	1,000	127	873
Total Expenditures	7,500	1,240	6,260
Excess (Deficiency) of Revenues Over Expenditures	10,000	22,207	12,207
Other Financing Sources (Uses)			
Transfer to General Fund	30,000	30,000	-
Total Other Financing Sources (Uses)	30,000	30,000	-
Net Changes in Fund Balances	(20,000)	(7,793)	12,207
Fund Balance			
Beginning of Year	27,337	27,337	-
Balance End of Year	\$ 7,337	\$ 19,544	\$ 12,207

ADDITIONAL INFORMATION

**24th District Court
Revenue Fund
Statement of Changes in Assets and Liabilities
June 30, 2004**

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Assets:				
Cash	\$ 364,471	\$ 4,566,694	\$ 4,488,163	\$ 443,002
Accounts Receivable-NSF	-	135	-	135
Due from Operating Fund	873	41,555	41,360	1,068
Due from Bond Fund	20	-	20	-
Due from Court Services Revenue	9,385	118,915	115,970	12,330
Total Assets	<u>\$ 374,749</u>	<u>\$ 4,727,299</u>	<u>\$ 4,645,513</u>	<u>\$ 456,535</u>
Liabilities:				
Due to:				
State Retirement	\$ 2,551	\$ 7,122	\$ 9,673	\$ -
State Treasurer	77,577	1,121,332	1,072,431	126,478
Allen Park	187,983	2,241,383	2,228,563	200,803
Melvindale	93,992	1,120,691	1,114,282	100,401
Wayne County	12,646	236,771	220,564	28,853
Total Liabilities	<u>\$ 374,749</u>	<u>\$ 4,727,299</u>	<u>\$ 4,645,513</u>	<u>\$ 456,535</u>

**24th District Court
Bond Fund
Statement of Changes in Assets and Liabilities
June 30, 2004**

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Assets:				
Cash	\$ 95,702	\$ 1,066,346	\$ 1,064,207	\$ 97,841
Due from Operating Fund	295	3,254	3,062	487
Due from Revenue Fund	-	4,032	4,032	-
Accountants Receivable - Other	-	1,116	1,116	-
Total Assets	<u>\$ 95,997</u>	<u>\$ 1,074,748</u>	<u>\$ 1,072,417</u>	<u>\$ 98,328</u>
Liabilities:				
Appearance Bonds	\$ 93,189	\$ 1,022,987	\$ 1,021,662	\$ 94,514
Refund Overpayment	252	7,962	7,789	425
Restitution Payable	385	11,677	11,878	184
Due to:				
Allen Park	834	18,530	17,634	1,730
Melvindale	1,317	12,936	12,778	1,475
Wayne County	-	250	250	-
Revenue Fund	20	406	426	-
Total Liabilities	<u>\$ 95,997</u>	<u>\$ 1,074,748</u>	<u>\$ 1,072,417</u>	<u>\$ 98,328</u>

**24th District Court
Court Services Revenue Fund
Statement of Changes in Assets and Liabilities
June 30, 2004**

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Assets:				
Cash and Investments	\$ 9,385	\$ 131,498	\$ 128,480	\$ 12,403
Due from Wayne County	7,989	-	7,989	-
Total Assets	<u>17,374</u>	<u>\$ 131,498</u>	<u>\$ 136,469</u>	<u>\$ 12,403</u>
Liabilities:				
Due to Operating Fund	-	\$ 73	-	\$ 73
Due to Revenue Fund	\$ 9,385	131,425	\$ 128,480	12,330
Allen Park	5,326	-	5,326	-
Melvindale	2,663	-	2,663	-
Total Liabilities	<u>17,374</u>	<u>\$ 131,498</u>	<u>\$ 136,469</u>	<u>\$ 12,403</u>

**24th District Court
Payroll Fund
Statement of Changes in Assets and Liabilities
June 30, 2004**

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Assets:				
Cash and Investments	\$ 856	\$ 1,436,695	\$ 1,436,918	\$ 633
Total Assets	\$ 856	\$ 1,436,695	\$ 1,436,918	\$ 633
Liabilities:				
Wages Payable	-	\$ 1,062,850	\$ 1,062,850	-
Social Security Withholding	-	84,667	84,667	-
Deferred Compensation	-	58,243	58,243	-
Federal Withholding	-	177,773	177,773	-
State Withholding	-	53,162	53,162	-
Due to General	\$ 856	-	223	\$ 633
Total Liabilities	\$ 856	\$ 1,436,695	\$ 1,436,918	\$ 633

**24th District Court
Collection Fund
Statement of Changes in Assets and Liabilities
June 30, 2004**

	Balance July 1, 2003		Additions	Deductions		Balance June 30, 2004
Assets:						
Cash and Investments	\$	-	\$ 10,095	\$	5,716	\$ 4,379
Accounts Receivable-Other		-	93		-	93
Total Assets	\$	-	\$ 10,188	\$	5,716	\$ 4,472
Liabilities:						
Due to General Fund		-	\$ 158		-	\$ 158
Payable to Process Servers		-	9,535	\$	5,416	4,119
Payable to Show Cause		-	495		300	195
Total Liabilities	\$	-	\$ 10,188	\$	5,716	\$ 4,472

24TH DISTRICT COURT
COMMENTS AND RECOMMENDATIONS

JUNE 30, 2004

DARNELL & MEYERING, P.C.

Certified Public Accountants

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

September 15, 2004

The Honorable Judges
Of The 24th District Court
Allen Park, Michigan 48101

We have audited the financial statements of the 24th District Court for the year ended June 30, 2004 and have issued our report dated August 19, 2004. As part of our audit, we reviewed the Court's accounting procedures and system of internal controls to determine the nature, timing, and extent of the auditing procedures necessary to express an opinion on the annual financial statements.

The objective of internal control is to provide reasonable, but not absolute assurance as to: 1) the safeguarding of assets against loss from unauthorized use or disposition, 2) proper division of duties between various employees to provide a reasonable check upon transactions, and 3) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

We would like to note that, based on the prior year's comments and recommendations, the following changes have been made:

1. A budget was prepared and approved for the Warrant Special Revenue Fund.
2. The Court Services Special Revenue Fund was eliminated as of June 30, 2003; therefore, no budget was required for the current year.

The following are comments and recommendations that we have at this time:

None.

If there are any questions regarding this report of internal control we would be glad to discuss them with you at your convenience.

Sincerely,



DARNELL & MEYERING, P.C.